

FISCAL NOTE

Bill #: SB0003

Title: Revise laws on uninsured motorists

Primary Sponsor: Hansen, K

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$158,923	\$115,040
Revenue:		
General Fund	\$300,000	\$400,000
Net Impact on General Fund Balance:	\$141,077	\$284,960

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|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Justice

1. Section 1 of this bill requires the mailing of random samples of the motor vehicle database to obtain verification of liability insurance.
2. An estimated 212,500 (25 percent) of the motor the vehicles required to maintain liability insurance in Montana are uninsured. (850,000 vehicles x 25% = 212,500 uninsured vehicles)
3. Ten percent (85,000) of the motor vehicles registered in Montana are required to carry liability insurance coverage will be sampled during the first year and five percent (42,500) annually thereafter. Of those sampled approximately thirty percent will require additional correspondence and/or suspension or reinstatement of the motor vehicle registration.
4. As provided in Section 2 of this bill, failure of the vehicle owner to provide proof of insurance as requested in the random samples provides for the suspension of the motor vehicle's registration and the payment of a \$100 reinstatement fee along with proof of insurance by the motor vehicle owner. It is projected that nearly 4,000 reinstatement fees of \$100 will be collected annually or approximately \$300,000 in FY 2006 and \$400,000 in FY 2007.
5. Section 3 provides for the suspension of the registration of the motor vehicle registration and the payment of a \$200 reinstatement fee along with proof of insurance by the motor vehicle owner. It is unknown the number of \$200 reinstatement fees that might be collected.

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6. There will be 5.00 FTE (Grade 8) needed the first year and 3.00 FTE thereafter to manage the random sampling and resulting administrative actions including records review, correspondence, suspensions, reinstatements, and program coordination. Since this bill is effective October 1, 2005, 5.00 FTE for nine months equates to an authorized 3.75 FTE in FY 2006 and 1.25 FTE for three months in FY 2007. Staffing could be reduced to 3.00 FTE after the first year that would equate to 2.25 FTE for nine months. Therefore, required authorized FTE levels would be 3.75 FTE in FY 2006 and 3.50 FTE in FY 2007. (FY 2006 = 3.75 FTE x \$24,091/FTE = \$90,341.25 and FY 2007 = 3.50 FTE x \$24,091/FTE = \$84,318.50)
7. One time start up operating costs would include: \$14,880 for five new employees of desks, chairs, file cabinets, and computers; \$19,513 for computer programming, requirements analysis and design, testing and implementation (an estimated 164 hours); and computer time usage (equivalent to an estimated 21 days). Total one time operations costs are projected to be \$34,393.
8. Ongoing operating costs are estimated to be \$22,500 for postage; \$9,034 for phones, supplies, and communications; \$990 for increased database storage; \$1,665 for computer usage; for a total of \$34,189 in FY 2006. Ongoing operating costs are estimated to be \$18,750 for postage; \$8,432 for phones, supplies, and communications; \$1,320 for increased database storage; \$2,220 for computer usage; for a total of \$30,722 in FY 2007.

FISCAL IMPACT:

Department of Justice

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	3.75	3.50
<u>Expenditures:</u>		
Personal Services	90,341	84,318
Operating Expenses – (one-time)	34,393	0
Operating Expenses	34,189	30,722
TOTAL	\$158,923	\$115,040
<u>Funding of Expenditures:</u>		
General Fund (01)	\$158,923	\$115,040
<u>Revenues:</u>		
General Fund (01)	\$300,000	\$400,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$141,077	\$284,960

TECHNICAL NOTES:

1. Driver's license suspensions and motor vehicle owner information are kept on two separate databases. Additionally, the names of the vehicle owners reflected in the motor vehicle database are recorded differently than the legal formats required in the driver license database. Therefore, the current system does not provide the necessary coordinated information needed to send verification packets to drivers whose driving privileges have been suspended during the proceeding five years from the titling and registration system.

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2. There does not appear to be a provision for due process or administrative hearings in contested circumstances.
3. It is unclear what would be the impact when motor vehicle ownership is changed during or after the sampling or suspension process.
4. Coordination language may be necessary for those bills affecting the fee charged for reinstatement of motor vehicle registration after an insurance suspension (SB 3 and HB 62).
5. It should be noted that changes made to the mainframe legacy system as a result of legislative changes, might also need to be made to the (new) system that may result in additional costs.